

A large, solid orange triangle occupies the left half of the page, pointing towards the bottom right. Overlaid on this triangle is a white diagonal band that runs from the top left towards the bottom right. The title text is written in orange, bold, sans-serif capital letters within this white band. The background of the right half of the page is white.

LOW WAGE SERVICE SECTOR WORKERS IN NEW YORK CITY

NEW YORK COMMUNITIES FOR CHANGE (NYCC)

is a coalition of working families in low and moderate income communities fighting for social and economic justice throughout New York State. By using direct action, legislative advocacy, and community organizing, NYCC members work to impact the political and economic policies that directly affect us. Through neighborhood chapters and issue based committees, we are working to ensure that every family throughout New York has access to quality schools, affordable housing, and good jobs. It is through the power-in-numbers approach that NY Communities is able to win REAL change for our towns and neighborhoods.

NEW YORK COMMUNITIES ORGANIZING FUND, INC. (NYCOFI)

is a 501(c)(3) community-based organization established in 2010. We seek to empower low and moderate income New Yorkers to help themselves through public education, advocacy, research, and direct services. We work to improve the economic security and well-being of low income and people of color communities throughout New York State.

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SURVIVING IN NEW YORK CITY

Making enough money to survive in New York City is challenging for many, especially for those struggling at the lowest end of the pay scale. Every day tens of thousands of low wage workers in New York City must ask themselves these difficult questions: Which utility should I pay this month: the telephone or the gas? Should I walk to work – more than an hour – to avoid the \$5.00 round trip subway cost? How will I afford to feed my family?

New York Communities Organizing Fund, Inc. (NYCOFI) and New York Communities for Change (NYCC) surveyed low wage workers in a variety of industries around New York City to get a real-world view of life in one of the most expensive cities in the country. This paper makes specific recommendations that are informed by employment statistics, an analysis of the supports that are available to workers, and our own research in the field.

We hope this paper will be a starting place for those low wage workers organizing for better conditions. We also hope it will be a factual source for those policy makers working for better conditions for low wage workers. In a city with so much wealth, no one should be struggling day-to-day just to get by.

In community,

Jonathan Westin
Executive Director
New York Communities for Change

Carlie Steen, Esq.
Executive Director
*New York Communities
Organizing Fund, Inc.*

CAMPAIGNS FOR WORKER RIGHTS

New York Communities Organizing Fund, Inc. (NYCOFI) and New York Communities for Change (NYCC), both founded in 2010, work collaboratively to advance social, racial, economic, and climate justice on the city, state, and federal levels through strategic community organizing, timely and rigorous policy research, and extensive, durable grassroots base building and leadership development.

For three years, NYCOFI and NYCC have been responding to widespread worker mistreatment in low wage industries. Our precedent-setting campaigns have resulting in nearly \$2 million in back wages returned to low wage workers who were illegally denied minimum wage and overtime pay. We use grassroots organizing, workplace empowerment services, lawsuits, research, and media strategies to win long term rights, including guaranteed wages, the right to organize, and paid sick days and holidays for hundreds of workers. In addition, as a result of our organizing in New York City, more than 300 grocery store workers have won contracts, dozens of car wash workers voted to bargain collectively for the first time, and fast food workers have staged a series of one-day strikes that have resulted in a nationwide movement of low wage restaurant workers. NYCOFI and NYCC's have more than 600 committed, active worker leaders who are from low and moderate income neighborhoods, and become strong advocates for their families, workplaces, and communities through campaigns for economic and social justice.

We have held more than 50 leadership meetings of more than 1,300 low wage workers in the last year who are now taking a leading role in the organizing effort not just in their workplace, but in their community, city, state, and nation. The Worker Rights Program is an unprecedented collaboration between community, labor, and grassroots leaders. Through a series of trainings, the Program has enable workers to travel across the country to train workers in Chicago, Detroit, St. Louis, Seattle, and elsewhere to follow their lead and stand up to their employers.

Our workers demonstrate a deep knowledge of their community, their employer, and the power relations that keep them from advancing economically, socially, and politically. Fast food workers know the details of the franchise they work for as well as other stores, the rights they have related to organizing, the salaries of CEOs, and other facts. In addition, our leaders understand how each campaign is connected to the larger fight for economic and social justice in the community and conduct outreach to other workers and community residents.



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INTRODUCTION

How much income must a working family in New York City generate to meet the basic needs of food, housing, utilities, childcare, transportation, and health care? Are working class households receiving enough income to meet these fundamental needs? How do households fill the gaps when they don't make enough to balance their budgets? What can be done to increase the number of households receiving enough income to pay for basic expenses?

As income inequality has grown since the 1980s, it has become increasingly difficult for most working class households to balance their budgets. Meanwhile, the number of living wage jobs has declined, forcing workers without a college degree to settle for employment in low wage¹ – especially service sector – jobs as government supports to low wage households are reduced.

This paper was born out of the work being done by New York Communities for Change (NYCC) and New York Communities Organizing Fund, Inc. (NYCOFI) to organize grocery store, car wash, and fast food workers in New York City. NYCOFI and NYCC are two community based organizations that have been working collaboratively since their inceptions three years ago on issues related to education, housing, and worker rights within low and moderate income communities and communities of color.

After surveying more than 300 low-wage workers throughout New York City, this study found that households depending on service sector work do not receive sufficient income to meet their basic needs. Respondents described covering basic costs as similar to trying to put together a jigsaw puzzle without having all of the pieces. They are forced to do things such as subsist on food their restaurants throw away at the end of a shift, double-up in the apartments of extended family or friends to avoid homelessness, leave their young children at home with older siblings while they work, and rely on emergency rooms for healthcare when they are sick.

A significant number of service sector workers must turn to government assistance programs as a matter of survival despite working full-time. These workers spend years toiling without regular raises or opportunities for promotions. Benefits like healthcare and paid sick days are rights that have been denied to these workers.

¹ “Low wage worker” means any wage lower than \$15 per hour, and “living wage” means the wage that it takes for the average household to be self-sufficient.

EXECUTIVE SUMMARY

This study's survey results indicate that in New York City a family must earn close to \$50,000 a year, depending on family size, to balance its budget. The average household income of service sector workers surveyed for this study was \$29,250 for families with two working adults and \$14,625 for families with one. It is clear that service sector workers aren't earning enough to make ends meet.

Working families are forced to double-up with other families in crowded apartments, compromise quality childcare for affordability, skip meals, do without healthcare, and go into debt simply to pay for ordinary expenses. One respondent, who works at a McDonalds in Manhattan, says, "I usually try to get my manager to let me eat whatever food they are going to throw away at the end of the day, but not all the supervisors are cool with that." If she happens to be working for one of the supervisors who won't permit this she goes without food that day.

Housing, food, and childcare subsidies help balance family budgets, so funding and income eligibility guidelines must be adjusted to ensure these subsidies reach families who need them. At the same time, work supports are only a short-term solution. Corporations in the United States that employ low-wage workers are immensely profitable and must be required to pay workers adequate, livable wages. Steps must be taken to increasing wages to at least \$15 an hour, which would also help balance family budgets. This can be accomplished through increasing the minimum wage, passing a more aggressive living wage ordinance, and supporting extensive service sector (traditional and alternative) labor organizing.

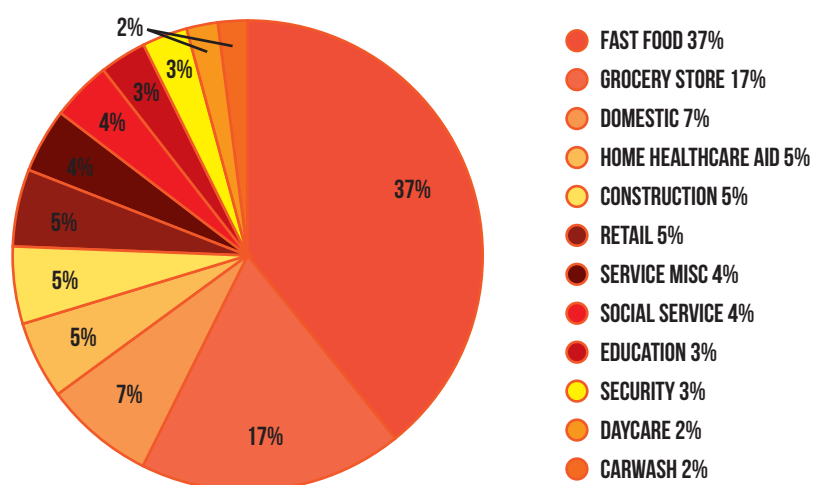
FINDINGS

The surveys conducted for this study revealed much about the lives of low wage workers in New York. This includes the composition of the families of low wage workers, the industries in which they work, the length of time they spend on the job, the hours they work and wages they receive, whether or not they receive public assistance or have health insurance, what they pay for basics expenses, and how they cope with insufficient wages.

Of those surveyed, the average household was comprised of three people, two adults and one child. When looking at only families with children, the average family size was four, composed of two adults and two children. A particularly vulnerable subsection of families with children were single parent families, which represented 21% of the total households surveyed.

The overwhelming majority of respondents worked in one of the following industries: fast food, grocery stores, domestic, home healthcare, construction, retail, social service, education, security, daycare, and carwash.

GRAPH 1: SURVEY RESPONDENTS BY INDUSTRY



The surveys also revealed that most workers had been employed in their current jobs full-time for many years without raises, promotions, or benefits, while earning little more than minimum wage. The average worker had been with his or her current employer for a little more than three years, and had only two employers in the past five years. Most had never been promoted or received a raise. Several respondents who indicated they had received raises reported that the raises they received only brought their earnings up to minimum wage – and this was only after the initiation of wage theft lawsuits against their employers. The median number of hours worked was 37.5 and the median hourly wage was \$7.50. Only 15% of respondents received employer provided health insurance and only 5% were able to take paid sick days.

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TABLE 1: EMPLOYMENT STATISTICS

MEDIAN YEARS ON JOB	NUMBER OF PROMOTIONS	NUMBER OF RAISES ²	EMPLOYERS IN THE LAST 5 YEARS
3.25	0.31	0.90	2.00

MEDIAN HOURS PER WEEK	MEDIAN WAGE	EMPLOYER HEALTH INSURANCE	PAID SICK DAYS
37.5	7.50	15%	5%

The surveys and interviews also illustrated how much respondents were paying for housing, food, transportation, and utilities.³ For example, the median rent paid by respondents was \$806 per month. However, it is important to note that 19% of respondents were not in permanent housing, and 75% of those were “doubled-up,” that is, living within the households of family or friends. At least two families with working adults were living in a homeless shelter at the time of the survey. Furthermore, 9% of respondents were currently living in subsidized public housing or received Section 8 housing subsidies. For families living in their own apartments and not receiving subsidies, the average rent is much higher.

For respondents, the average food cost was \$788 per month, the average transportation cost was roughly \$150 a month, and the cost of utilities was \$267 a month.

TABLE 2: HOUSING

AVERAGE RENT	NOT IN PERMANENT HOUSING	DOUBLED-UP	RECEIVING HOUSING SUBSIDY
\$806	19%	14%	9%

² Several respondents reported that the raise they received was to bring their wage up to minimum wage after the initiation of a wage theft lawsuit against their employer.

³ In constructing a self-sufficiency standard to compare to other studies, the cost of healthcare was borrowed from the New York City Self-Sufficiency Standard, the cost of childcare was estimated based on the average market rates provided by the New York City Agency for Child Services and taxes were estimated based on city, state, and federal tax codes.

TABLE 3: MONTHLY EXPENSES

MONTHLY EXPENSES FOR THE AVERAGE FAMILY WITH CHILDREN							
HOUSING	FOOD	TRANS- PORTATION	UTILITIES	HEALTH- CARE	CHILDCARE	TAXES	TOTAL
\$806	\$788	\$150	\$267	\$507	\$1400	\$351	\$4,269

More than a third of the workers surveyed were receiving some kind of public assistance. More than 30% received Medicare, Medicaid, or New York's Health Plus healthcare subsidies. Only 5% received childcare subsidies, 21% received SNAP, and 9% received housing assistance. In addition 29% indicated that they had no health insurance at all.

TABLE 4: PERCENTAGE OF RESPONDENTS RECEIVING PUBLIC ASSISTANCE

HEALTHCARE	CHILDCARE	SNAP	HOUSING ASSISTANCE
33%	5%	21%	9%

METHODS

The primary data for this paper comes from more than 300 surveys and nine in-depth interviews with low and moderate income New Yorkers. Half of the survey respondents were fast food, grocery store, and car wash workers whom New York Communities for Change (NYCC) has helped organize in New York City. Additional respondents include members of community groups affiliated with NYCC, recipients of NYCOFI's Volunteer Income Tax Assistance (VITA) program, and students in the Consortium for Worker Education's English as a Second Language program. In constructing a self-sufficiency standard to compare to other studies, the cost of healthcare was borrowed from the New York City Self-Sufficiency Standard, the cost of childcare was estimated based on the average market rates provided by the New York City Agency for Child Services, and taxes were estimated based on city, state, and federal tax codes. A number of other sources were drawn upon and methods employed to develop and support this paper's assertions. These include articles from newspapers, academic journals, and public policy organizations. Statistics from the U.S. Census Bureau, New York City Housing and Vacancy Survey, and New York State Department of Labor were also used.

HOW MUCH MONEY DOES IT TAKE TO SUPPORT A HOUSEHOLD IN NEW YORK CITY?

Traditional indicators of the minimum amount of income a family needs in order to pay for basic needs in New York City – such as the minimum wage or the Federal Poverty Level (FPL) – do not adequately express the cost of living. This study attempts to estimate the amount of income it takes for a family to make ends meet by adding up basic expenses and establishing a self-sufficiency standard. We found that, for a family to be self-sufficient⁴ in a large city like New York, the family needs to earn roughly \$50,000 a year depending on size.

TABLE 5. HOUSEHOLD INCOME COMPARE TO HOUSEHOLD BUDGET *

FAMILY COMPOSITION	TWO ADULTS & ONE CHILD		TWO ADULTS & TWO CHILDREN		ONE ADULT & TWO CHILDREN	
	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY
INCOME	2,438	29,250	2,438	29,250	1,218	14,625
EXPENSES						
HOUSING	806	9,672	800	9,600	525	6,300
CHILDCARE	850	10,200	1400	16,800	1,400	16,800
UTILITIES	267	3,204	267	3,204	267	3,204
FOOD	600	7,200	900	10,800	600	7,200
TRANSPORTATION	141	1,692	157	1,844	148	1,776
TAXES**	324.26	3,891	249	2,988	125	1,500
HEALTHCARE	500	6,000	507	6,084	400	4,800
TOTAL NEEDED	3,488	41,859	4,277	51,320	3,465	41,580
DEFICIT	(1051)	(12,609)	(1,839)	(22,770)	(2,246)	(26,955)

Based on this study's survey responses, it takes between at least \$42,000 and 50,000 a year for a family to cover the cost of housing, health care, childcare, food, transportation, taxes, and utilities, depending on family size. This study's estimate of total expenses versus total income is different from other self-sufficiency standards in two important ways: First, it doesn't include tax credits as income to help with monthly expenses. These credits are hard for low income people to incorporate into monthly budgets because they are only received once a year. Neither this estimate, nor others, includes money to pay off debt, to save for retirement, or to deal with emergencies of any sort, and tax credits could be used towards these ends. Second, total monthly expenses estimated in this study are



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⁴ Self-sufficiency is defined as being able to pay for housing, childcare, food, transportation, healthcare, and utilities.

* Numbers in all the tables have been rounded to the nearest whole number.

** http://www.esmartpaycheck.com/freecalculator/free_calculator.aspx. This link applies to all the tables.

significantly lower than other studies because of substantially lower housing and food costs. The cost of housing for respondents was significantly lower than the \$1,100 median rent reported by the New York City Housing and Vacancy Survey, or the Department of Housing and Urban Development's estimated Fair Market Rent (FMR) of \$1,500, most likely because 19% of this study's households did not have permanent housing, and 14% were doubled up with other families. The fact that many respondents reported going without meals in order to pay bills or were receiving food assistance may also explain why food costs were lower than estimated in self-sufficiency standards established in other studies.

PAYING BILLS IS LIKE PUTTING TOGETHER A JIGSAW PUZZLE THAT IS MISSING A PIECE

Anna is a single mother struggling to support herself and her daughter while working 32 hours a week for \$10 an hour as a security guard. She feels lucky to receive a Section 8 voucher that limits her rent to \$360, which is roughly 30% of her gross income. Even with housing assistance she struggles to pay her for transportation, food, utilities, and medication that total close to \$1,000 a month.

To make ends meet Anna doesn't buy herself new clothes or other necessities. She also cuts corners on food in order to keep her food costs to about \$225 a month. She says that paying all the bills is like putting together a jigsaw puzzle, as she struggles to determine which bills she can afford not to pay. This doesn't always turn out so well. She only recently had phone and Internet service restored to her home. Two years ago she was so behind on the rent that her landlord took her to court, and she had to seek assistance from the city to avoid eviction.

WHAT DO MOST WORKING HOUSEHOLDS ACTUALLY MAKE?

The survey's respondents make a great deal less than what is needed to cover their basic expenses. Three family compositions stand out from the surveys, 1) the average family size of three, two adults and one child, 2) the average family size with children of four, two adults and two children, and 3) the average single parent family size of three, one adult and two children. The average respondent worked 37.5 hours a week for \$7.50 an hour, bringing home an annual income of \$14,600 for households with one adult, and \$29,250 for those with two adults. Even those households with two working adults earned much less than is needed to cover basic expenses.

FILLING IN THE GAPS

TABLE 6: WAYS OF COPING WITH LOW-WAGES

TEMPORARY HOUSING	CROWDED HOUSING	CHEAP OVER QUALITY	RECEIVING SNAP ⁵	REGULAR LATE PAYMENTS	DEBT TO PAY BILLS	HELP FROM FAMILY
18%	15%	95%	21%	12%	12%	25%

Trying to make ends meet for these working New Yorkers is a struggle that involves regularly paying bills late, borrowing money for monthly expenses, relying on food stamps to eat, living in overcrowded housing, and depending on substandard childcare.

A. HOUSING

Many of the survey respondents did not have permanent housing for themselves and their children. Eighteen percent (58 of 308) reported that they did not have long-term housing arrangements, the majority of which (44) were crowded in with family and friends on a temporary basis. Others were young adults with children who still lived in their parents' homes because they couldn't afford to live in separate housing of their own. Two families with children (3.5% of those without permanent housing) were living in the shelter system.

With the high cost of housing and the dearth of affordable housing in New York City, it is not surprising to find many families doubled up. The median household income of our survey respondents was a little more than \$2,400 per month, which means the 2011 median rent reported by the New York City Housing and Vacancy Survey (\$1,100) would consume nearly 50% of this study's average respondent's income, and HUD's estimated fair market rent of \$1,500 a month would take more than 60%. Even with a large percentage of respondents doubled up with other families, the study's respondents paid an average of nearly 45% of their income for housing. According to the Department of Housing and Urban Renewal a family paying more than 30% of its income for housing is considered cost burdened by housing expense, and those paying more than 50% are severely cost burdened. More than 40% of this survey's respondents were cost burdened and over 20% were severely cost burdened according to this standard.¹ Even with incomes substantially lower than the area median income, only 9% of the study's respondents received any housing subsidy; instead, they contended with the challenge of finding housing they could afford by continuing to live with parents, sharing crowded apartments with other families, or entering the shelter system.



A single mother who works as a security guard said, "There is never enough money to pay all the bills. It's like trying to put together a jigsaw puzzle with one of the pieces missing."

⁵ Supplemental Nutrition Assistance Program (SNAP).

B. CHILDCARE


It was clear from the survey responses that a significant number of children with working class parents are not receiving adequate childcare. Of the 172 survey respondents who had children, only eight reported regularly sending their children to a daycare center or in-home daycare while at work. Of the 45 who had preschool age children, only three sent their children to a daycare center or in-home daycare. Inexplicably, only seven respondents received daycare vouchers. The vast majority of parents reported leaving their children at home with an adult family member or older sibling while they worked. For preschool age children this means they are at risk of not receiving the type of preschool preparation that a structured daycare environment can provide. A study by National Association of Childcare Resource and Referral Agencies reinforced our finding. Their study found that the overwhelming majority of parents went without quality childcare because it was too expensive. This can be dangerous, especially for young children, because children without quality preschool childcare often enter school unprepared to learn.ⁱⁱ Clearly, working class families in New York City simply can't afford the \$800 to \$1,200 a month (and rising) cost of quality childcare and are forced to make their children go without. This childcare gap leaves children ill prepared to enter school, which diminishes their chance to create better opportunities for themselves and make meaningful contributions to society.

C. FOOD

Despite being employed, low-wage workers are forced to turn to the government for help in getting food. Twenty-one percent of respondents reported that they received food stamps. It is important to note many people who are currently working full time or nearly full time – primarily in the service sector and many in fast food – aren't making enough money to eat without government assistance, although many are not eligible. Many households earned just over the eligibility threshold to receive food assistance, but obtaining sufficient food was a daily challenge.⁶ As a result, many reported skipping meals to save money. One respondent, who works at a McDonalds in Manhattan, says, "I usually try to get my manager to let me eat whatever food they are going to throw away at the end of the day, but not all the supervisors are cool with that." She said she couldn't even afford to eat employee-discounted meals very often, and frequently simply doesn't eat if her managers won't let her take leftovers.

D. LATE PAYMENTS AND DEBT

Paying bills after the due date and borrowing money to pay for regular expenses are other strategies respondents used to make ends meet. Twelve percent of respondents who answered the survey's open ended question regarding how they made ends meet⁷ reported



"I usually try to get my manager to let me eat whatever food they are going to throw away at the end of the day, but not all the supervisors are cool with that."

⁶ Self-sufficiency is defined as being able to pay for housing, childcare, food, transportation, healthcare, and utilities.

⁷ Their answers were in response to two questions: "Do you make enough from your work to pay for basic needs: food, clothing, shelter, healthcare, childcare?" and, "If not, how do you make ends meet?"

regularly paying bills late. In a follow up interview, one respondent said, “It’s a constant game of catch up, things are always getting turned off and then back on.” Others described a process of deciding what utility – telephone, electricity, gas – they could manage without having for a short time, or learning how late a bill can become before service is disconnected. Half of the people with whom we performed follow-up interviews reported having been taken to court for non-payment of rent in the recent past, and having had to request what is known as a “one shot deal”⁸ from the Department of Social Services to get caught back up. Another 12% reported they regularly had to borrow money either from friends, credit cards, or payday loans⁹ to pay for monthly expenses, which is unsustainable for any extended period of time. Twenty-five percent of respondents reported borrowing or receiving assistance from family members. These examples are not cases of people being irresponsible; instead, they show the reality of working families trying to cope with wages insufficient to pay for necessities.

Low wages force working families to make sacrifices that hardworking people shouldn’t have to make. Low wages require them to compromise housing and childcare. At times they must either turn to the government to feed them or go without. Paying bills becomes a game of cat and mouse, where they pay what must be paid, often borrowing to do so, while paying more in the end as late charges and interest accrue.*

⁸ A “one shot deal” is a payment made by New York City’s Human Resource Agency to a tenant’s landlord for rent arrears. It is called this because it can only be used once in a person’s lifetime under most circumstances.

⁹ “Payday loans” are loans made by check cashing services or other small lenders that are given upon verification of employment and the existence of a checking account. A borrower is usually required to have their paychecks directly deposited into a checking account, and the payments on the “payday” loan are directly withdrawn from the same account. These loans generally carry the highest possible interest rates.

* Survey instrument is available upon request.

LIFE FOR A LATINO IMMIGRANT FAMILY IN NEW YORK CITY.

The experiences of Celina* and her husband Juan are examples of some of the difficulties faced by immigrant families who work in one of many service industries in New York City. Celina came from Guatemala four years ago, and her husband from El Salvador 10 years ago. A lack of employment opportunities in their home countries made coming north a matter of survival. Since their arrival, she says, they have worked long hours for low wages.

Before having her daughter, now four months old, Celina worked as a cashier for Nebraska Land Foods, a grocery store in Brooklyn. For 18 of the 24 months she worked there she was paid 6.50 an hour for 70-hour weeks with no pay for overtime. After 18 months of being paid less than minimum wage, her employer increased her wages to \$7.25 (minimum wage) after he was reported for paying below the minimum. She still received no benefits.

Celina didn't get any maternity leave after she had her daughter. Quite the opposite, when it was clear to her employers that she was pregnant, she says, they began to make life impossible for her as an attempt to get her to quit. Finally, shortly before she gave birth, they fired her.

Now they live only on Juan's income. He works the night shift at a restaurant making about \$400 for a 40-hour week with no benefits. They live in a tiny three-bedroom apartment with three other families to save money.

Even crowded into a small apartment with 10 people, where they combine resources to buy groceries in bulk and keep the rent low, they struggle to pay for rent, food, utilities, and transportation expenses, which total more than \$1,300 a month. As a result they are constantly behind on bills and in trouble with the landlord for late payments. If not for living with other families that helped each other, Celina doesn't know what they'd do.

Celina is unsure about whether she will return to work. Many of her friends who tried to work after having a child found that everything they made went to pay for childcare. If she could get help with childcare and she and Juan were both making \$400 a week she says they might be able to afford their own studio apartment.

Neither Celina nor Juan has health insurance. When they get sick they have to go to the emergency room, which has resulted in a great deal of medical debt. Celina is still paying for a miscarriage that she had two years ago. If they weren't undocumented they might qualify for health insurance or food assistance, but because they were not born in the U.S. such assistance is unavailable.

Celina wants people to know what she and her family go through to survive because, she says, it is what every immigrant family working in undesirable, low wage jobs must endure. Immigrants from many countries south of the United States have no choice but to venture north looking for work. When they arrive, they work long hours for illegally low wages, no benefits, and so little job security that becoming pregnant comes with a pink slip.



* Names were changed to protect the parties involved.

SOLUTIONS

For low wage service sector workers to afford to meet their basic needs, institutions that increase wages must be bolstered and work supports should be enhanced. Presently, low wage workers depend on work supports to help them bridge part of the gap between what they earn working and what they need to survive. Housing, childcare, and food assistance have the largest impact on household budgets. Government support in these areas must be increased, though largely only for the short-term with a long-term objective of increasing wages to a point where service-sector workers don't need to depend on subsidies to survive.

The current wages received by low wage workers must be increased. Corporations that do not pay their employees enough to afford the cost of basic needs earn artificially high profits at the expense of taxpayers and low wage workers. Contrary to arguments made by employers, it is unlikely that higher wages will result in a reduction of service sector employment. This is because there is a demand for these service sector services that can't be met by moving businesses to lower wage areas. In addition, increased wages would result in increased consumer spending and jobs, and many corporations that pay poverty wages can increase wages without becoming unprofitable. Wages can be increased through legislative means, like minimum or living wage laws, but also by employees organizing and bargaining collectively. Forcing corporations that employ service sector workers to pay the true cost of labor will save governments a great deal of money, and will stimulate the economy by increasing consumer spending.

A. TARGETING GOVERNMENT SUPPORTS

Families can get closer to the threshold of covering their basic needs through government support programs. Housing, childcare, and food are the largest portions of a working family's budget, and are areas in which subsidies have the effect of reaching that threshold. However, funding for these subsidies must be increased and expanded so all families who are eligible are able to access them.

TABLE 7: THE EFFECT OF HOUSING SUBSIDIES ON HOUSEHOLD BUDGETS

FAMILY COMPOSITION	TWO ADULTS & ONE CHILD		TWO ADULTS & TWO CHILDREN		ONE ADULT & TWO CHILDREN	
	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY
INCOME	2,438	29,250	2,438	29,250	1,218	14,600
EXPENSES						
HOUSING	731	8,777	731	8,777	390	4,680
CHILDCARE	850	10,200	1400	16,800	1400	16,800
UTILITIES	267	3,204	267	3,204	267	3,204
FOOD	600	7,200	900	10,800	600	7,200
TRANSPORTATION	141	1,692	157	1,844	148	1,776
TAXES	324	3,891	349	2,988	125	1,500
HEALTHCARE	500	6000	507	6,084	400	4,800
TOTAL NEEDED	3,414	40,964	4,208	51,666	3,330	39,960
DEFICIT	(976)	(11,714)	(1,771)	(22,416)	(2,111)	(25,335)

1. HOUSING SUPPORTS

Creating housing that is affordable for service sector workers earning minimum wage or close is critical. Over 40% of this study's respondents pay more than 30% and over 20% pay more than 50% of their gross income for housing, making them cost-burdened and severely cost-burdened, respectively, according the standards of the Department of Housing and Urban Development. In New York City, Section 8, public housing, rent stabilization, and affordable housing requirements¹⁰ are policies and programs meant to provide housing for low income earners. However, inadequate funding keeps Section 8 and public housing out of reach, at the same time high rent vacancy deregulation has had the result of hemorrhaging apartments from the rent stabilization roles, and requirements based on area median income means that new affordable housing is not truly affordable for many New Yorkers.

I. PUBLIC HOUSING

Thousands of New York City Housing Authority (NYCHA) apartments currently sitting empty because of repairs required to make them habitable. These apartments need to be repaired and made available immediately. Between 2003 and 2012 several reports have estimated that roughly 6,000 of NYCHA's 178,714 apartments are vacant and awaiting repairs, most of them for more than a year, and some for as long as ten years.ⁱⁱⁱ NYCHA has a waiting list of 200,000 and annual turnover of 3%, so these empty apart-

¹⁰ In New York, developers receive exchange for property tax abatements in exchange for building affordable housing.

ments are desperately needed by low income New Yorkers. Public housing tenants pay 30% of their income for rent, with the average rents under \$500, making public housing an important source of affordable housing in New York.

NYCHA claims not to have the funding to make these repairs^{iv}, but there have been reports of mismanagement, and hundreds of millions of dollars in unaccounted federal money.^v NYCHA's board must be compelled to account for all federal monies received, put any unused funds immediately into rehabilitation, and develop a plan to repair and make available apartments that go vacant in less than one year. In addition, going forward NYCHA must be funded at levels that allow them to keep all units on the rent rolls.

II. SECTION 8

Funding for Section 8 must be increased so the waiting list in New York City can be reopened. In New York City, a family of four earning less than \$38,400 a year meets the income eligibility requirements to receive a Section 8 voucher, which would pay the portion of their rent exceeding 30% of their income. However, the Section 8 waiting list has been closed since 2007.

III. RENT STABILIZATION LAW

Eliminating high-rent vacancy decontrol and limiting the rent increases that landlords take when rent stabilized units go vacant can protect existing affordable housing. More than 60% of the city's housing stock is rent regulated. The New York City Rent Guidelines Board (NYCRGB) controls rent increases for rent-stabilized apartments, keeping increases to about 2 to 5% per year. The slow pace at which rents increase for tenants living in rent-regulated apartments compared to the fair market rent (FMR) has the result of keeping many of these units well below the FMR.

The number of rent-stabilized apartments has been decreasing rapidly throughout New York City in recent years, primarily due to high rent vacancy decontrol. More than two-thirds of the 31,500 apartments that became unregulated during the past five years did so through high-rent vacancy decontrol.^{vii} After a tenant moves out, a landlord is entitled to take a 20% vacancy increase^{viii} plus a fraction¹¹ of the cost of any improvements that are made to the property. Once a unit reaches \$2,500 it is exempt from rent regulation.^{ix}

Three steps are recommended to slow the increase of rents in rent-stabilized buildings and to keep them on the stabilized roles: First, high-rent vacancy control should be eliminated; second, the vacancy increase should be reduced to an amount equal to what the NYCRGB deems the two-year lease renewal increase to be for that particular year; and third, the Individual Apartment Improvement (IAI) increase should be reduced to 1% of the cost of improvements for buildings of all sizes.

¹¹ Landlords are allowed to increase the rent by 1/60th of the cost of any improvements made to individual apartments in buildings with over 35 units and 1/40 of improvement costs in buildings with less than 35 units (DHCR Fact Sheet 12).

IV. TAX ABATEMENT IN EXCHANGE FOR AFFORDABLE UNITS

Tax incentive programs aren't creating enough affordable housing or housing that is affordable enough. Currently the 421a tax abatements and 420c low income housing tax credit (LIHTC) programs add the largest numbers of rent-regulated affordable units to the city's housing stock each year.^x Properties receiving 421a tax abatements are exempt from property taxes it would normally incur at the new value of the improved property in exchange for the developer making 20% of the units affordable between 60-100% of area median income (AMI).^{xi} The 420c program allows charitable organizations to use low income housing tax credits to build housing that is 100% exempt from property taxes, and requires 70% of the units to be affordable at up to 80% of AMI.^{xii} Rental buildings under these programs join the rent stabilization roles.

Still, even these units are, for the most part, not affordable for low wage workers such as those surveyed for the study. The median income for the New York City metropolitan area (the median income of the city itself, which is lower, is not used) is \$85,900 for a family of four, and \$77,400 for a family of three,^{xiii} so the units being produced under these programs are affordable to families earning between \$38,700 and 68,720. The average rent stabilized unit added to the rent stabilized roles as a result of these programs has a rent of \$1,700.^{xiv} A family with two parents earning minimum wage (and the average family surveyed for this study) would not be able to afford what little new affordable housing is being built, and for a family with only one working adult these programs are well out of reach. In exchange for these valuable tax subsidies, the city should require a larger percentage of units to be affordable at between 25 and 35% of AMI, which would provide housing that is affordable for the study's households that have two adults, and put units closer to affordability for those households having only one working adult.

2. FOOD ASSISTANCE

Income eligibility guidelines for the city's Supplemental Nutrition Assistance Program (SNAP) need to be expanded to at least 200% of the poverty line. The income of an average family (two adults and one child) surveyed — \$29,250 — is too much to qualify for food assistance, which has a maximum income of \$24,828 for that family size. Families earning incomes just above the income eligibility limits for SNAP aren't earning enough to pay for food, and often go without as a result. Many of the households earning less than the median income of households surveyed for the study were receiving SNAP benefits, and those that were interviewed as a follow up to the survey reported that this program was critical to their being able to make ends meet. If income eligibility limits for SNAP benefits were increased to 200% of the Federal Poverty Line, many working families would be closer to this threshold.

TABLE 8: THE EFFECT OF HOUSING AND FOOD SUBSIDIES ON FAMILY BUDGETS

FAMILY COMPOSITION	TWO ADULTS & ONE CHILD		TWO ADULTS & TWO CHILDREN		ONE ADULT & TWO CHILDREN	
	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY
INCOME	2,438	29,250	2,438	29,250	1,218	14,625
EXPENSES						
HOUSING	731	8,777	731	8,777	390	4,680
CHILDCARE	850	10,200	1400	16,800	1400	16,800
UTILITIES	267	3,204	267	3,204	267	3,204
FOOD	74	888	232	2,784	74	888
TRANSPORTATION	141	1,692	157	1,844	148	1,776
TAXES	325	3,891	249	2,988	171	1,500
HEALTHCARE	500	6,000	507	6,084	400	4,800
TOTAL NEEDED	2,888	34,652	3,540	42,481	2,804	33,648
DEFICIT	(450)	(5,402)	(1,103)	(13,231)	(1,902)	(19,023)

3. CHILDCARE VOUCHERS

Income eligibility guidelines for childcare vouchers need to be expanded, and funding for daycare subsidies needs to be increased so that all eligible children have access to quality care. Not enough income-eligible families are receiving daycare subsidies due in large part to a lack of funding. There are more than 600,000 families that meet the eligibility requirements for childcare subsidies in New York City, but little over 100,000 receive them.^{xv} Families receiving Temporary Assistance for Needy Families (TANF) or transitioning off TANF are guaranteed childcare subsidies. Families earning up to 255% of the federal poverty level (FPL), who are not on TANF, meet income eligibility guidelines, but only receive assistance when and if funds are available.^{xvi} Tammie Miller, chair of the Family Child Care Providers Chapter of the United Federation of Teachers, says that working families seeking a voucher for the first time will be put on a waiting list for what is often years, but since the Agency for Child Services (ACS) doesn't maintain a formal or transparent waiting list, it is essentially impossible to say definitively how long families must wait for a voucher.^{xvii} In testimony before the New York City Council in 2011 that was an attempt to stop reductions in funding for daycare subsidies, Miller called for the city to create a formal waiting list. The current number of people on the list and the wait time for available slots for children of low income families is not immediately clear, as the city's ACS does not make that information available to the public. However, in 2003, the city comptroller estimated that the waiting list for childcare subsidies was more than 40,000, and more recent news articles have reported long waiting lists for childcare subsidies.^{xix} At the same time, due to budget cuts, the number of children currently receiv-

ing childcare subsidies since 2009 has been declining.^{xx} That only 5% of the study's respondents received childcare subsidies is further proof that working families who meet income eligibility guidelines are not getting much needed childcare subsidies. A formal waiting list of families waiting for childcare should be developed immediately and that list should be used to determine how much funding is needed for childcare assistance. In addition funding for the program should be increased to the level at which all those who meet the income eligibility requirements are able to receive assistance.

If funding was increased to programs that provide housing, food, and childcare assistance, and the funding guidelines were adjusted so all families who need these programs were able to receive them, the lives of low wage workers would be substantially improved. However, these should not be considered long-term solutions, as they have the effect of allowing some of the most profitable corporations in the country to have artificially high earnings at the expense of low wage workers and taxpayers. For low wage workers to earn enough money to survive, wages must increase.

TABLE 9: THE EFFECTS OF HOUSING, FOOD, AND DAYCARE SUBSIDIES ON FAMILY BUDGETS

FAMILY COMPOSITION	TWO ADULTS & ONE CHILD		TWO ADULTS & TWO CHILDREN		ONE ADULT & TWO CHILDREN	
	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY
INCOME	2,438	29,250	2,438	29,250	1,219	14,600
EXPENSES						
HOUSING	731	8,777	731	8,777	390	4,680
CHILDCARE	218	2,624	128	1,539	0	0
UTILITIES	267	3,204	267	3,204	267	3,204
FOOD	74	888	232	2,784	74	888
TRANSPORTATION	141	1,692	157	1,844	148	1,776
TAXES	325	3,891	249	2,988	125	1,500
HEALTHCARE	500	6,000	507	6,084	400	4,800
TOTAL NEEDED	2,256	27,076	2,268	27,220	1,402	16,848
DEFICIT	181	2,174	169	2,030	(185)	(2,223)

B. INCREASING WAGES

Decisive action must be taken to increase the wages of service sector workers – including fast food, grocery stores, and car wash workers – to at least \$15 an hour. Table 8 shows that at \$15 an hour, a two-parent household with expenses reported by the study's respondents would have a monthly surplus. A single parent household's deficit could be nearly cut in half and alleviated through daycare assistance and housing assistance – compared to the current situation, where a deficit remains even when the family gets food, housing,

and daycare assistance. Strengthening provisions and institutions that raise wages for these workers can help to accomplish this. These include minimum wage legislation, living wage ordinances, and labor law reform. Government has a major role to play in bolstering each of these, while the success of organized labor depends on new strategies by labor organizers and a commitment by government to enforce existing laws, and pass new legislation to protect workers.

TABLE 10. HOUSEHOLD INCOME COMPARE TO HOUSEHOLD BUDGET AT \$15 PER HOUR

FAMILY COMPOSITION	TWO ADULTS & ONE CHILD		TWO ADULTS & TWO CHILDREN		ONE ADULT & TWO CHILDREN	
	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY	MONTHLY	ANNUALLY
INCOME	4,875	58,500	4,875	58,500	2,438	29,250
EXPENSES						
HOUSING	806	9,672	800	9,600	525	6,300
CHILDCARE	850	10,200	1400	16,800	1,400	16,800
UTILITIES	267	3,204	267	3,204	267	3,204
FOOD	600	7,200	900	10,800	600	7,200
TRANSPORTATION	141	1,692	157	1,844	148	1,776
TAXES	1,048	12,573	934	11,211	467	5,606
HEALTHCARE	500	6,000	507	6,084	400	4,800
TOTAL NEEDED	4,212	50,541	4,455	53,459	3,807	45,686
DEFICIT/SURPLUS	663	7,959	420	5,041	(1,370)	(16,436)

1. WAGE REGULATION

Federal, state, and city government all have it within their power the ability to regulate wage levels in some form or another, including minimum wage laws or living wage ordinances. The business community resists efforts to increase wages through these avenues, claiming that higher wages will decrease employment and prevent businesses from being profitable or will cause increased prices. However, research shows that this is far from certain. In fact, raising wages may actually create jobs and increase economic growth because of increased worker efficiency^{xxi} and increased consumer spending^{xxii} that would result from a minimum wage increase.

I. MINIMUM WAGE

Minimum wage should be increased to \$15 per hour and indexed to inflation. New York City officials should push for home rule that would allow the city to set its own minimum wage. Presently, only the federal and state governments have the power to raise the

minimum wage. New York State recently approved an increase in minimum wage to \$9 per hour, and the federal government indicated that it would be considering a similar increase. However, these increases do not go far enough: Even at \$9 an hour, this study's recipients would be far from earning enough to make ends meet. New York City leaders should advocate for both greater increases and home rule, and state officials should support those efforts.

II. LIVING WAGE

New York City's living wage ordinance, passed in 2012, requires covered employers to pay \$10 per hour plus health insurance, or \$11.50 without health insurance. The current ordinance only covers businesses with more than \$5 million in revenue who have received more than a million dollars in assistance from the city, as well as their tenants, concessionaries, contractors, and subcontractors.^{xxvii} Exemptions include employers who operate on premises of which 75% are used for housing affordable to families making 125% of the area median income. Other exemptions include grocery stores that support the FRESH program, construction contractors and building service contractors, and "Zone 3-adjacent developments."^{xxviii} New York City's current living wage ordinance should be expanded, tied to inflation, and provide for wages of at least \$15. In addition, the enhanced living wage ordinance should cover employers with income of \$1 million who have received \$250,000 in financial assistance from the city. Exemptions for businesses based on their connection to affordable housing should be adjusted to exempt only businesses connected to families earning 50% of AMI. Moreover grocery store exemptions should be eliminated, and the wage levels should be increased to \$15 an hour and tied to inflation.



2. SERVICE SECTOR ORGANIZING

Extensive organizing by service sector employees is another way to increase worker wages. This entails action by the workers themselves, including traditional union drives, as well as less traditional work centers and collaboration with community-based organizations around employer abuses. In the longer term, it requires government to renew its commitment to enforcing existing labor laws and to make changes to some of those laws so that workers are able to organize without retaliation. For these organizing efforts by workers to be successful, ongoing, and widespread, they will need funding from foundations, unions, and other sources.

Work centers and collaborations with community-based organizations allow workers to combat employer abuses before going through the process of winning a union contract, and bring them into contact with similarly-situated workers and community members who are sympathetic to their cause. Worker Centers provide low wage workers with information about their rights and assistance with labor law violations, often succeeding in winning settlements from employers from which employees receive back pay. These centers also bring workers in different locations together with concerned members of the community to protest publicly, testify at public hearings, and lobby legislators in order to bring attention to their plight and gather public pressure to pass laws that benefit low wage workers. Since 2010, New York Communities for Change has set up a workers committee where workers from car washes and grocery stores across the city use strength in numbers and legal advocacy to combat wage theft and to build a coalition of workers and community members who can fight for a broad range of issues affecting workers. Many of the respondents from our survey reported having received back pay and increases in wages and benefits as a result of worker center-style organizing. For workers in many locations, winning back pay and putting employers on notice that abuses like off-the-clock work and paying below minimum wage would have consequences, served as momentum toward eventual unionization of the stores in which they worked. These efforts can be important parts of a campaign to unionize a store, and are a way for the state to identify and prosecute wage theft. It is in the interests of labor unions representing other service sector workers and the state to make funding available to pursue these violations.



For service sector unionizing to be successful, government must renew its commitment to enforcing existing labor laws, and new legislation needs to be passed to allow workers to certify their bargaining units faster. Organizers working to unionize grocery store and car wash workers in New York City reported that in nearly every workplace they entered, management threatened to close the business and fired or cut the hours of those employees involved in union organizing. Those attempting to organize low-level bank workers have reported that these workers are required to sign contracts affirming they won't attend meetings outside of work with other employees. These strategies by employers are illegal, but lax enforcement of labor laws allows them to be used with impunity. The National Labor Relations Board needs to more aggressively identify and prosecute violations of collective bargaining rights.

Policies need to be enacted that reduce the time frame for certifying a union. It can take a range of months – depending on the work site and the industry – to go through the process of certifying a union at a jobsite and, depending on the resistance of the employer, those months can turn into years before a contract is actually won. Streamlining this process is critical if widespread unionization of service workers – many of whom are scattered across hundreds of jobsites throughout the city – is to be successful on a large scale.

TRYING TO SURVIVE ON \$7.25.

Steve, in his mid-twenties, struggles to take care of himself, his daughter and sick mother on the \$7.25 he makes working at McDonalds. He and his mother pay \$900 a month to live in a single bedroom apartment in a New York City Housing Authority (NYCHA) development. On top of the rent, they pay over \$300 in utilities, and the cost of food is much more than \$200 his mother receives in food stamps. In the summer months Steve cares for his daughter full-time, and he pays child support through out the year.

If he's lucky, Steve works 35 hours a week, but it isn't enough to cover the bills. "I owe \$150 right now," he says, referring to a past due electricity bill, when asked about how he is able to make ends meet with only his income and his mother's disability payments. There is a risk that the electricity could be cut off any day because of the past due balance. He says that the Internet and phone service are disconnected if he's not lucky enough to get 35 hours in any given week. Losing phone service is particularly worrisome because his mother is disabled and needs to be able to reach him in case of an emergency.



Steve has asked for more hours, but his manager says that 35 is the maximum number of hours McDonalds will allow him to work. This is why he says that people who work in fast food don't have *a job* they have jobs. To earn extra money, that helps him balance his budget, Steve fixes computers, does yard work, roofing and many other odd jobs.

During the summer Steve has custody of his daughter and is forced to leave her with his sick mother when he goes to work because he can't afford childcare. This really worries him because he knows his mother needs her own caretaker. He feels he has little choice in the matter, because childcare assistance is hard to obtain and he doesn't make enough to pay for daycare on his own.

Steve explains that he joined the fast food forward campaign because he believes that he should be paid a wage that will allow him to properly care for his daughter and mother in exchange for his many hours of hard work. Not making enough to pay for rent, food, other bills is difficult, but the hardest thing for Steve is not being able to spend holidays with his daughter, who lives in Maryland during the school year.

CONCLUSION

Our survey showed that for many low wage workers in New York City, it takes roughly \$50,000 a year for a family with two children to be able to afford to pay for all of their basic needs without assistance from the government. However, the average family surveyed for this study made significantly less: Families with two working adults reported an income of \$29,250, while one-income families reported \$14,600 per year.

Half of the city's residents aren't making enough to make ends meet. Changes in the labor market and flawed immigration policy have left wages stagnate or declining while prices soar. To survive, the study's respondents double-up in apartments with other families, receive government assistance, forego quality childcare, acquire debt for basic expenses, and often skip meals.

Both wages and work supports need to be increased to solve this dilemma. Income eligibility guidelines need to be expanded and funding increased for work support programs so families earning less than \$50,000 in wages are able to receive housing, childcare and food assistance. Minimum wage and living wage regulations should be implemented mandating an hourly wage of at least \$15 (in 2013 dollars) that rises annually with inflation. This will prevent corporations from earning profits that are subsidized by taxpayers who end up paying for necessary work supports through the taxes they pay that fund those programs.

Organizing efforts on the part of service sector workers are another important means that can be used to increase wages. Some of this study's respondents earned wage increases, back pay, and benefits as a result of workplace organizing, in some cases even before the workers formerly unionized. To bolster organizing efforts, government officials should aggressively enforce existing labor laws, especially the rules surrounding workplace organizing, and legislation should be implemented that shortens the time needed to certify a union. Foundations and other funders can promote this process by providing financial support to organizing efforts by workers and community members.

In this city, the service sector worker struggles simply to meet the basic necessities of survival. It doesn't have to be that way. The corporations that make large profits on the sweat of working people need to acknowledge the role of the worker in their success, and compensate them accordingly. Only then will the service sector worker be able to make ends meet.



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